

Congress of the United States
Washington, DC 20515

The Honorable Nancy Pelosi
House Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Senate Majority Leader
U.S. Senate
Washington, D.C. 20515

The Honorable Kevin McCarthy
House Republican Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Senate Democratic Leader
U.S. Senate
Washington, D.C. 20515

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell and Leader Schumer:

Founded in 1973, the Republican Study Committee (RSC) is dedicated to preserving the foundational conservative principles that have made the United States of America the most advanced, prosperous and free nation in human history. As members of the RSC's Budget & Spending Task Force (BSTF), we lead the RSC's efforts to restore fiscal responsibility in Congress to ensure the debt created by the present generation does not grow to jeopardize the prosperity of generations to come.

Earlier this year, our commitment to this important task produced the only budget proposal in the House, containing bold solutions to put the federal budget on a path to balance. Now, as congressional leaders and the White House consider raising the Budget Control Act (BCA) discretionary spending caps, we again offer a fiscally prudent path that, first and foremost, seeks to avoid another deal resembling the Bipartisan Budget Act of 2018 (BBA 2018).

The BCA and its discretionary spending caps have served to contain the size and scope of federal bureaucracy and runaway growth in the discretionary budget for nearly a decade. The bill set annual limits on discretionary spending and made a commitment to reduce spending by \$1.2 trillion and eventually instituted the vast majority of these savings through reductions to the bill's caps. In other words, Congress made a fiscally responsible commitment to the American people in the BCA which passed with strong bipartisan support in the House and Senate.

Unfortunately, Congress' commitment to fiscal responsibility embodied in the BCA caps has been undercut and its budgetary savings greatly diminished by four subsequent two-year budget cap deals.

While the first three deals raised the BCA caps by a combined \$191 billion, the BBA 2018 raised two-year discretionary spending levels for FY 2018 and FY 2019 by a combined \$296 billion. And, while the first three deals were paid for and contained mandatory and discretionary spending reductions,

the BBA 2018 offset a mere 13 percent of its cost, adding the remaining \$258 billion to national debt. Notably, the first three caps deals all had significant Democratic support. Unfortunately, spurred by Democrats' decision to hold national security resources hostage, the BBA 2018 failed to uphold the original fiscal commitment made to the American people in the BCA. The BBA 2018 cannot happen again.

Accordingly, the RSC Budget & Spending Task Force urges adherence to the current-law discretionary spending caps for FY 2020 and FY 2021 for base spending and resolves to reject any caps deal that (1) is not fully offset; (2) does not enact a long term spending control; or (3) irresponsibly swells the size of the federal discretionary budget.

Furthermore, any deal that raises the FY 2021 discretionary caps must fully offset the deal's entire 10-year baseline spending effects.¹ Moreover, offsets cannot rely on revenue raisers or budgetary gimmicks but may come from rescissions that are regularly used in appropriations measures to increase discretionary spending above caps levels. Offsets may come from converting mandatory spending to discretionary spending constrained by the caps. Additionally, offsets may come from moving previously cap-exempt categories within the new discretionary spending cap.

Recognizing the imminent expiration of the BCA caps at the end of FY 2021, another long-term spending control must take its place. Congress regularly extends multi-year, multi-billion-dollar spending programs, so there should be no reason not to extend a multi-year spending control measure. Such a mechanism may come in the form of extending current-law discretionary spending caps for another 10 years or another mechanism to stabilize our nation's debt-to-GDP ratio.

These guidelines are based on reasonable measures, all of which are based on proposals that have had Republican and Democratic support in the past. By adhering to these guidelines, Congress can fulfill its duty to be a responsible steward of taxpayer dollars while providing the resources necessary to ensure our national security.

Sincerely,

RSC Budget & Spending Task Force

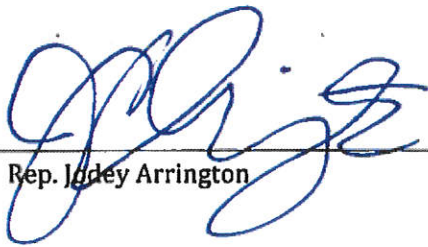


RSC Chairman Mike Johnson



RSC BSTF Chairman Jim Banks

¹ As explained by the Congressional Research Service, "CBO's baseline projections assume that the discretionary limits imposed by the BCA as amended will proceed as scheduled through FY2021 and that subsequent discretionary spending levels will grow with the economy in subsequent years. Such methodology uses the discretionary spending levels in FY2021 as the basis for discretionary spending projections for the remainder of the budget window. Therefore, new proposals that would modify discretionary spending limits in FY2020 would generate budget effects only in that year, whereas proposals that would modify FY2021 limits would generate budget effects in FY2021 and each remaining year of the 10-year baseline window...This methodology is consistent with Section 257 of the Deficit Control Act."



Rep. Jodey Arrington



Rep. Warren Davidson



Rep. Tom Graves



Rep. Trent Kelly



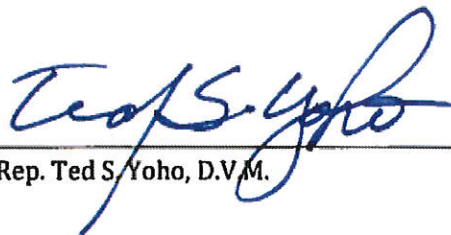
Rep. Doug Lamborn



Rep. Brad Wenstrup



Rep. Roger Williams



Rep. Ted S. Yoho, D.V.M.